

**534.206 Authorized real estate loan practices.**

An association may do any of the following with respect to a real estate loan, and any contract provision authorized by this section shall be enforceable:

1. *Prepayment.* Except as prohibited by section 535.9, an association may include in the loan documents signed by the borrower a provision imposing a penalty in the event of prepayments as defined in the document.

2. *Protective disbursements.* An association may pay taxes, assessments, ground rents, insurance premiums and similar charges with respect to real estate securing a loan. An association may add these disbursements to the unpaid principal balance of the loan, in which event the disbursements shall be secured to the same extent as the principal balance of the loan.

3. *Protective payments — escrow accounts.* An association may include in the loan documents signed by the borrower a provision requiring the borrower to pay the association each month in addition to interest and principal under the note an amount equal to one-twelfth of the estimated annual real estate taxes, special assessments, hazard insurance premium, mortgage insurance premium, or any other payment agreed to by the borrower and the association in order to better secure the loan. The association shall be deemed to be acting in a fiduciary capacity with respect to these funds. An association receiving funds pursuant to an escrow agreement executed on or after July 1, 1982 in connection with a loan as defined in section 535.8, subsection 1, shall pay interest to the borrower on those funds, calculated on a daily basis, at the rate the association pays to members depositing funds in ordinary savings accounts. An association which maintains an escrow account in connection with any real estate loan, whether or not the mortgage has been assigned to a third person, shall each year deliver to the mortgagor a written annual accounting of all transactions made with respect to the loan and escrow account.

4. *Escrow reports.* A savings and loan association may act as an escrow agent with respect to real property that is mortgaged to the association, and may receive funds and make disbursements from escrowed funds in that capacity. The association shall be deemed to be acting in a fiduciary capacity with respect to these funds. A savings and loan association which maintains such an escrow account, whether or not the mortgage has been assigned to a third person, shall deliver to the mortgagor a written summary of all transactions made with respect to the loan and escrow accounts during each calendar year. However, the mortgagor and mortgagee may, by mutual agreement, select a fiscal year reporting period other than the calendar year.

The summary shall be delivered or mailed not later than thirty days following the year to which the disclosure relates. The summary shall contain all of the following information:

- a. The name and address of the mortgagee.
- b. The name and address of the mortgagor.
- c. A summary of escrow account activity during the year as follows:
  - (1) The balance of the escrow account at the beginning of the year.
  - (2) The aggregate amount of deposits to the escrow account during the year.
  - (3) The aggregate amount of withdrawals from the escrow account for each of the following categories:
    - (a) Payments against loan principal.
    - (b) Payments against interest.
    - (c) Payments against real estate taxes.
    - (d) Payments for real property insurance premiums.
    - (e) All other withdrawals.
  - (4) The balance of the escrow account at the end of the year.
- d. A summary of loan principal for the year as follows:
  - (1) The amount of principal outstanding at the beginning of the year.
  - (2) The aggregate amount of payments against principal during the year.
  - (3) The amount of principal outstanding at the end of the year.

5. *Additional provisions.* An association may include in the loan documents signed by the borrower any other provision not inconsistent with this chapter.

6. *Marketability reports.* Section 524.905, subsection 4, applies to the association in the same manner as if the association is a bank within the meaning of that provision.

[C97, §1899; S13, §1899-a; C24, 27, 31, §9340, 9341; C35, §9340, 9340-b1, 9341; C39, §**9340.01, 9340.04 – 9340.06, 9340.08, 9340.09**; C46, 50, 54, 58, §534.25, 534.28 – 534.30, 534.32, 534.33; C62, 66, 71, 73, 75, 77, 79, 81, §534.21; 81 Acts, ch 174, §3, 7; 82 Acts, ch 1253, §24]

C83, §534.80

83 Acts, ch 124, §18

C85, §534.206